

Service Date: October 24, 2001

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER of the Application of THE)	UTILITY DIVISION
MONTANA POWER COMPANY for Authority)	
to Incur Not to Exceed \$150,000,000 Principal)	DOCKET NO. D2001.10.134
Amount of Secured Long-Term Debt in the)	
Form of First Mortgage Bonds)	Default Order No. 6380

1. On October 10, 2001 The Montana Power Company (MPC, Applicant), a corporation organized and existing under the laws of the State of Montana, filed with the Montana Public Service Commission (Commission) its application (application) pursuant to Montana Code Annotated (MCA) §§ 69-3-501 through 69-3-507 (2001), seeking an order authorizing the Applicant to incur not to exceed \$150,000,000 principal amount of secured long-term debt through the issuance and sale of First Mortgage Bonds

2. The application is supported by exhibits and data in accordance with Commission practice and rules and regulations governing the issuance and sale of securities by public utilities operating within the State of Montana.

3. The application states that the Applicant is a public utility as defined in MCA § 69-3-101, in that it furnishes electric and natural gas service in the State of Montana; that the Applicant's principal executive office is at 40 East Broadway, Butte, Montana; and that the Applicant is duly qualified to do business in the states of Montana, Wyoming and Idaho. For detailed information with respect to the general character of MPC's business and the territory served by it, reference is made to the application.

FINDINGS

1. MPC is a corporation organized and existing under and by virtue of the laws of the State of Montana and is qualified to transact business in the State of Montana.

2. MPC is a public utility as defined in MCA § 69-3-101 and is engaged in furnishing electric and natural gas service in the State of Montana.

3. The Commission has jurisdiction over the subject matter of the application pursuant to MCA §§ 69-3-501 through 69-3-507.

4. The application states that MPC intends to incur not to exceed \$150,000,000 principal amount of long-term debt in the form of First Mortgage Bonds. The bonds (i) will be secured by certain of the Company's utility property, (ii) will be for terms of not less than nine months nor more than forty years, (iii) will have such redemption and/or repayment provisions as shall be determined at the time of sale, and (iv) will bear interest payable at such times and rates as shall be determined at the time of sale, all based on then-existing market conditions.

5. The application states that the bonds will be sold as soon after the effective date of the Commission's Order as possible. It further states that the proceeds from the sale of the bonds will be used by MPC to refinance short-term debt and, possibly, higher-cost long-term debt, and for other corporate purposes allowed under MCA § 69-3-501.

6. MPC has undertaken to inform the Commission, after the sale, as to the principal amount sold, the maturity, the interest rate, the redemption and/or repayment provisions and any other information with respect to the bonds that the Commission may request.

7. Public notice of this application was given by its inclusion on the Commission's agenda for October 16, 2001. MPC has furnished complete financial data with its application in accordance with the developed practice of the Commission. The application sets forth a certified copy of the resolution of the Board of Directors of MPC pertaining hereto, which was adopted on September 21, 2001.

CONCLUSIONS OF LAW

The securities transactions proposed by the application, as hereinafter authorized, will be for a lawful purpose and are consistent with the public interest; are necessary or appropriate for and consistent with the proper performance by MPC of service as a public utility; and the aggregate amount of the securities outstanding, and proposed to be outstanding, will not exceed the fair value of the properties and business of MPC.

ORDER

1. The application of The Montana Power Company for authority to issue and sell secured debt in the form of First Mortgage Bonds, in the aggregate principal amount of not more than \$150,000,000, is approved. This authorization is for a period beginning with the issuance of this Order and, unless extended, through and including December 31, 2003.

2. In accordance with MCA § 69-3-507, neither the issuance and sale of securities by MPC pursuant to the provisions of this Order, nor any other act or deed done or performed in connection therewith, shall be construed to obligate the State of Montana to pay or guarantee, in any manner whatsoever, any security authorized, issued, assumed or guaranteed under the provisions of MCA §§ 69-3-501 through 69-3-507.

3. The proceeds from the securities approved by this order may be used only for those purposes allowed by section 69-3-501(2)(a-e), MCA. Other purposes must be specifically approved by the Commission pursuant to section 69-3-501(2)(f), MCA.

4. The approval of this application shall not be construed as precedent to prejudice any future action of this Commission.

5. Issuance of this Order does not mean acceptance of MPC's exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

DONE IN OPEN SESSION at Helena, Montana this 23 day of October, 2001, by a vote of 4 - 1.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

The original signed copy of this order is on file at the Commission's office.

GARY FELAND, Chairman

JAY STOVALL, Vice Chairman

BOB ANDERSON, Commissioner

MATT BRAINARD, Commissioner (Dissent)

BOB ROWE, Commissioner

ATTEST:

Rhonda J. Simmons
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.